

# Inquiry into ParentsNext

## Select Committee on Workforce Australia Employment Services

Date: 1 December 2022

### About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector. Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

### Summary

For too long now ParentsNext has failed to meet the policy objective of providing useful pre-employment support to parents of young children who need it. Instead, it has ensnared participants, who are mostly single mothers, in surveillance arrangements that have added to the stress of caring for young children. As the previous two parliamentary inquiries found, the design of ParentsNext is deeply flawed, and limits human rights to social security and autonomy. ParentsNext is flawed because it is based on a patriarchal view of the value of care that has enabled highly paternalistic and coercive programs to be the *modus operandi* of our employment services including the policy settings under which they operate.

In this submission we respond to this Inquiry's Terms of Reference and outline our views on what needs to be done to redirect funding towards programs and initiatives that will provide appropriate help to parents who need it.

We propose that ParentsNext be replaced by a voluntary program that provides prevocational support, and vocational advice and training where appropriate, for parents with young children. The replacement program should be designed from the bottom-up with organisations that represent women and families on low incomes, and provided by organisations that have strong local community connections and expertise in place-based planning.

The replacement program should be better integrated into the service planning infrastructure for women's economic security and safety, which we believe should be coordinated through cross-portfolio planning and consultation.

Too much time has already passed since the previous two inquiries without any action to address the serious concerns with ParentsNext. It is important that this inquiry proceeds without delay to ensure that ParentsNext does not continue to harm parents receiving income support. This is urgent because payment suspensions and demerit points under the Targeted Compliance Framework resumed in the second half of 2022.

## **Recommendations**

**Recommendation 1: The Targeted Compliance Framework and associated payment suspensions and other penalties should be immediately removed from ParentsNext.**

The Targeted Compliance Framework should immediately be suspended from ParentsNext so that it does not continue to harm those it purports to help.

**Recommendation 2: ParentsNext should be replaced by a voluntary program that provides prevocational support, and vocational advice and training where appropriate, for parents with young children.**

Existing ParentsNext participants should be notified that participation is now voluntary and that they have the option of exiting the program immediately.

**Recommendation 3: The replacement program should be co-designed with organisations representing women experiencing economic insecurity.**

The Government should develop a genuine co-design process for a replacement program for ParentsNext with organisations representing women on low incomes and in consultation with organisations with expertise in women's economic security and domestic and family violence.

**Recommendation 4: Improve access to data for program evaluation.**

So that future programs can be evaluated it is important that more data is provided on program impacts and outcomes while they are operating.

**Recommendation 5: Ensure the replacement program is culturally safe.**

It is important to ensure that programs targeted at culturally and linguistically diverse and First Nations communities are informed by organisations with appropriate cultural expertise.

**Recommendation 6: The replacement program should be well connected with local domestic and family violence services.**

The replacement program should be planned in consultation with organisations who are already working in communities to support victim-survivors of domestic and family violence.

**Recommendation 7: The Committee should address the major barriers to workforce participation for women on low incomes, including the urgent need to increase income supports and provide secure and affordable housing. It should also seek policy input from the Women's Economic Equality Taskforce and Office for Women.**

We understand Women's Economic Equality Taskforce is examining these issues through the wider lens of women's participation in the paid and unpaid workforce.

**Recommendation 8: The replacement program for ParentsNext should only be delivered by organisations with credible place-based connections and capabilities, and strengths-based service models.**

Future services providers should have demonstrated local footprints, expertise in place-based planning, and a service model that builds on people's strengths and aspirations rather than pressuring them to take up the first available job.

**Recommendation 9: Expand the categories of support available through the participation fund.**

The categories of eligible expenditure from the participation fund should be expanded to include items determined in consultation with parents on low incomes.

## Discussion

Since the Welfare to Work reforms began in 2005 there has been an erosion of the value placed on care work, especially the care work performed by single mothers. There is a paternalistic view that women must participate in the labour market to enjoy the same economic benefits as those in waged labour. In relation to social policy for single mothers, paternalism has given rise to numerous 'Workfirst' social policy measures. These include the 2005 Welfare to Work reforms that introduced participation requirements for single parents with children aged 4 and over; the subsequent transfer of Parenting Payment recipients onto Jobseeker payments; requirements for mandatory participation in harmful labour market programs such as jobactive, now Workforce Australia; and eventually ParentsNext in 2018.

ParentsNext is paternalistic and reflects the patriarchal view that women's care work does not hold the same value as work in the market economy. The imposition of mandatory participation requirements in programs like ParentsNext is grounded in a failure to acknowledge and value unpaid labour of parenthood as work that is necessary for the reproduction of society, and to generate future workers.

This patriarchal view of the value of care was reflected when the Targeted Compliance Framework was applied to ParentsNext in 2018. Threats to economic security were used to coerce mothers to participate in the program, to attend appointments, to enrol in and report attendance at mandatory activities. The Framework was enforced by widespread payment suspensions that caused distress to the mothers who were affected. The imposition of these requirements has added to the stress of parenting babies and young children, so much so that the Parliamentary Joint Committee on Human Rights found<sup>1</sup> that ParentsNext limited parents' rights to social security.

## Response to terms of reference

### TOR 1.1: Policy objectives

ParentsNext was ill-designed from the outset because it was mandatory and imposed payment suspensions and penalties under the Targeted Compliance Framework. ParentsNext does not meet its policy objective of providing useful

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<sup>1</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/ParentsNext/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/ParentsNext/Report)

pre-employment support to parents of young children who need it. It has been designed unhelpfully with a broad-brush approach and resources are wasted on administration and enforcement of program rules that are not helping those that most need it.

ACOSS analysis indicates that at least 40% of the parents enrolled in ParentsNext will not benefit from it. At the end of January 2021<sup>2</sup> there were 83,000 participants across Australia, and our analysis in Attachment 1 shows that 40% of the participants already had TAFE or University education<sup>3</sup>. The data also showed that nearly a third of participants were 35 years and older.

This data supports our view that ParentsNext is ill-designed because:

- it targets parents who do not need or want assistance because they already have labour market experience, qualifications, or significant life experience;
- it involves ongoing case management and social supervision of parents who do not need it;
- this results in funding being directed to providers for the administration of a program that is not targeted at people who need it; and
- ParentsNext providers use this income to support other areas of the business rather than genuinely invest in the needs of program participants.

### **Activities available under program rules**

As set out below, despite program changes implemented over the last two years, there is still too much reliance on activities that add to the burden of parenting rather than relieve it. Further, there are policy tensions over what kinds of activities are acceptable under current program rules. The feedback ACOSS has received from ParentsNext participants is that providers impose activities on parents regardless of suitability or preference.

While many parents had been able to attend a playgroup as an activity, program rules have been updated so that as the children grow closer to school age parents are no longer allowed this activity. This has resulted in increasing numbers of parents being required to do vocational training as an activity even when they do not wish to.

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<sup>2</sup> More recent data to inform our view on the change in participant composition since the eligibility changes of 2021 has not been made publicly available.

<sup>3</sup> Concerning the educational achievement of 42% of participants was not known.

## **TOR 1.2 Eligibility and compulsory participation requirements**

### **Compulsory participation and the Targeted Compliance Framework**

There is no compelling rationale for making any aspect of ParentsNext compulsory, including attendance at initial appointments. As set out below under TOR 2, there is no evidence that ParentsNext has contributed to improvements in women's economic equality or workforce participation.

The Parliamentary Joint Committee on Human Rights 2021 inquiry found compulsory participation does not constitute a proportionate limit on the right to a private life, the right to equality and non-discrimination, and the rights of the child' (p.111). It said that 'the human rights compatibility of the measure would be addressed if an individual's qualification for parenting payment was not linked to the person meeting participation requirements' (p.112) or, in other words, to make the program voluntary. The committee also recommended changes to assist with the proportionality of ParentsNext. This included ensuring that there would be human assessment before payment suspensions were applied; an assessment of the suitability of the program and the likely benefits to the child; and greater consultation with organisations representing First Nations women.

Research shows that parents make complex decisions about balancing care and work in which they balance both the social and economic benefits of labour market participation. Compulsory compliance-based programs are both unnecessary and harmful.

Valuable funding for supports to parents entering the labour market should not be lost, but rather made available on a voluntary basis in a manner that is co-designed with the group of people who will access them. Co-design is crucial to ensuring that the replacement program actually delivers on providing useful, practical and beneficial pre-employment supports to parents of young children who need it.

(See more on consultation in the design and delivery of a replacement program below under TOR 3.)

Replacement program supports could include a blend of workforce participation strategies, vocational guidance, training and practical supports that will enable parents to get ready to work when they are able to.

Existing ParentsNext participants should be notified that participation is now voluntary and that they have the option of exiting the program immediately.

## Abolish payment suspensions

ACOSS is alarmed that payment suspensions under the TCF resumed in the second half of 2022, and urges that the TCF and associated payment suspensions and other penalties be removed immediately from ParentsNext.

From the latest data we have been able to obtain, ParentsNext participants are currently receiving 4000 payment suspensions per month. We have analysed this data and, as with the analysis we provided at the 2021 inquiry, we note this data shows a disproportionate incidence of suspensions, relative to the caseload, of First Nations people and ex-offenders.

**Table 1 – Caseload demographics and payment suspension incidence compared**

Caseload	Payment suspensions %	Caseload %
Indigenous	20%	37%
PWD	16%	13%
CALD	19%	10%
Sole Parents	74%	61%
Ex-offenders	n/a	13%
Homeless	n/a	9%

Source: QoN SQ21-000094 001 – suspension data for Nov 2021-Jan 2022

Payment suspensions cause significant harm. Our research<sup>4</sup>, undertaken over multiple studies with a diverse range of employment services program participants, repeatedly identifies that threats of payment suspensions cause mental distress and can be triggering for people who are already experiencing high levels of stress.

Excessive reliance on payment suspensions is a blight in all employment services programs that erodes trust and the ability to build positive case management relationships. As was noted by the Human Rights Law Centre at the 2019 inquiry, a system that uses financial penalties for behavioural change,

<sup>4</sup> ACOSS (2022) [Voices 2 report](#)

such as the TCF, is a system of coercive control especially for women who've experienced Domestic and Family Violence.

**Recommendation 1: The Targeted Compliance Framework and associated payment suspensions and other penalties should be immediately removed from ParentsNext.**

**Recommendation 2: ParentsNext should be replaced by a voluntary program that provides prevocational support, and vocational advice and training where appropriate, for parents with young children.**

**Recommendation 3: The replacement program should be co-designed with organisations representing women experiencing economic insecurity.**

### **Eligibility requirements**

If ParentsNext is not made voluntary, then it would be necessary to address significant problems with the eligibility criteria and referral processes.

The eligibility criteria were changed in 2021 so that parents in all employment regions with children 9 months and older were brought under ParentsNext. This expansion resulted in a 12 per cent increase so that the number of participants has grown to 98,000 and similar numbers are projected through the forward budget estimates. As outlined above in 1.1, this expansion of eligibility is problematic because, as a poorly targeted scheme, it means that more parents who do not need access to ParentsNext are now required to participate in it until their children reach school age.

ACOSS is concerned that parents who are not eligible because they are studying or in paid work are still being referred to ParentsNext. These referrals are triggered because Services Australia does not hold current information about their current or recent employment and training. This is particularly concerning as ParentsNext cannot be exited easily. Although participants may seek exemptions, they must keep seeking exemptions until they are eligible to exit ParentsNext once their child(ren) starts school.

Further, many participants who are experiencing housing insecurity and homelessness are being referred to ParentsNext. They may seek exemptions once they have commenced, but our observation is that these referrals are adding to the stress parents are already experiencing. For example, parents are reporting that the referral letters are impacting significantly on their mental health.



As set out above, we strongly hold the view that ParentsNext should be replaced by a voluntary program. If a compulsory program remains, the IT system rules must be reviewed and updated so that those who do not meet the eligibility criteria are not enrolled into ParentsNext in the first place. This review should be undertaken by Services Australia and DEWR to ensure that referrals and processes for granting exemptions are simplified.

## **TOR 2 - Impact on women's economic equality and workforce participation**

There is no apparent evidence that ParentsNext has contributed to improvements to women's economic equality or workforce participation. This is in stark contrast to the body of evidence about the harm that ParentsNext has caused.

Its effectiveness as a pre-employment program is very hard to measure and any employment outcomes that have been recorded by providers cannot be regarded as evidence of such. The causal link between employment outcomes and participation in ParentsNext is questionable for a number of reasons, including:

- ParentsNext participants may already be planning on finding employment regardless of whether they are required to participate;
- parents are already motivated to find employment when they are able to and their personal circumstances allow them to, not least because of the cost of living crisis – this was demonstrated in research undertaken during the COVID-19 national Mutual Obligation suspensions that showed that parents were already actively engaging in activities to improve the economic circumstances of their families<sup>5</sup>; and
- there have been reports of providers applying pressure to participants to get jobs because of the outcome payments they receive.

### **Recommendation 4: Improve access to data for program evaluation**

To support evaluations of the effectiveness of future programs, ACOSS recommends the Department of Employment provides:

- detailed analysis on the specific activities engaged in and their direct impact on outcomes such as improvements to income and well-being;
- monthly information on payment suspensions, holds and demerit points, compliance interviews and payment preclusions, caused by either the

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<sup>5</sup> E.g. Klein, E., Cook, K., Maury, S., & Bowey, K. (2021). *Social security and time use during COVID-19*. <https://doi.org/10.25916/yetx-9m76>

- Targeted Compliance Framework (TCF) or Centrelink reporting, and the collection of qualitative data on the effects of this; and
- detailed data on program participants, including demographics on referrals, exemption reasons, activities and exits.

### **TOR 3 - Efficacy in addressing structural and cultural barriers to accessing family support, education and employment**

The efficacy of ParentsNext is undermined by fragmentation in the provision of pre-vocational services to parents of young children. This fragmentation is caused by services being provided across multiple government jurisdictions and because services are labour-market oriented, rather than genuinely situated within the ecosystems of other services such as family support and adult and vocational training.

There is a need to improve the coordination of multiple providers working towards similar goals such as primary health services, mental health services, adult education providers, TAFEs, Local Councils, and domestic and family violence services<sup>6</sup>.

The solution to this problem of fragmentation is to draw on the capability and expertise of organisations that already design programs to support women and families experiencing economic insecurity through meaningful consultation with them in the design and delivery of the replacement program. This will ensure that any replacement program is able to better integrate with, and leverage the range of services available, through organisations already being delivered in the community.

Organisations with expertise in developing domestic and family violence (DFV) programs should also be consulted in the design and delivery of the replacement program. It is important to ensure that all responses to family and domestic violence are culturally safe, delivered by a workforce with training, expertise and capability to ensure that women are appropriately supported while attempting to leave and recover from domestic and family violence.

Some of these small organisations run local initiatives to enable DFV victim-survivors to build their safety and recovery through employment<sup>7</sup>. Any future

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<sup>6</sup> A good example of innovative place-based planning in WA can be found here: <https://100familieswa.org.au/>

<sup>7</sup> E.g. <https://intouch.org.au/>

version of ParentsNext should be planned in consultation with other organisations who are already working in communities to build resilience and capability during recovery from DFV.

Any replacement program should also be designed to be culturally safe for culturally and linguistically diverse communities and, in the case of First Nations communities, should be consistent with the Closing the Gap commitment to genuine partnerships. This includes partnerships with First Nations controlled organisations in health, family violence and other key service areas. It is important to ensure that programs targeted at culturally and linguistically diverse and First Nations communities are informed by organisations with appropriate cultural expertise.

There is a case for regional planning of the replacement services to prevent the kinds of service disconnects that cause confusion for people seeking support and that produce inefficiency because of poor coordination, particularly for people at risk of becoming long term unemployed, who are socially isolated and/or experiencing domestic and family violence. It may be necessary to engage a cross-portfolio planning through the Office of Women, to ensure services are designed within the framework of supports being developed through Women's Economic Equality Taskforce and the National Plan to End Violence Against Women and Children.

See also our comments about under TOR1 on the importance of co-design with organisations representing women experiencing economic security in order to design and delivery a program that is effective in addressing the barriers that participants are experiencing.

**Recommendation 5: The replacement program should be designed to ensure it is culturally safe**

**Recommendation 6: The replacement program should be well connected with local domestic and family violence services, so that people affected have access to the specialised help they need**

**Recommendation 7: The Committee should address the major barriers to workforce participation for women on low incomes, including the urgent need to increase income supports and provide secure and**

affordable housing. It should also seek policy input from the Women's Economic Equality Taskforce and Office for Women.

## **TOR 4 - Funding and service delivery arrangements.**

### **Participation fund rules**

ACOSS is concerned that participation fund rules remain too inflexible. While there are reports of some beneficial program interventions since the Participation Fund was expanded to all participants in 2021, we've found that there is variability in the application of the rules as well as problems with the rules themselves. For example, while some providers allow parents to make practical purchases like computers to help them with study, there are too many limitations on the kinds of study that can be supported, such as requirements to enrol only in JobTrainer eligible courses.

Further, ACOSS is of the view that the distribution of resources through a participation fund could occur without necessitating enrolment in the ParentsNext program or ongoing compulsory case management.

The categories of eligible expenditure from the participation fund should be expanded to include items determined in consultation with parents on low incomes.

**Recommendation 8: Expand the categories of support available through the participation fund**

### **Quality service delivery with genuine partnerships**

The privatisation of Australia's employment services has led to a range of issues that have compromised the quality of services, weakened the delivery of policy objectives and led to the maladministration of social security law.

Problems with service quality are reflected in the variability of treatment of ParentsNext participants. While in some cases ParentsNext providers appear to offer flexibility, others appear to impose undue pressure on parents to get into work quickly. There is also evidence<sup>8</sup> that indicates that some ParentsNext providers have gamed program rules to generate income for other areas of their operations, in ways that have not been beneficial to participants.

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<sup>8</sup> E.g. <https://www.theguardian.com/australia-news/2022/aug/01/it-felt-insulting-welfare-recipients-sent-to-body-language-courses-as-job-agencies-profit>

Lack of information and access to social security rights review mechanisms has resulted in the maladministration of social security law, such as requiring participants to engage in activities they are not obliged to undertake. When parents are provided with poor information about their requirements, they are usually too disempowered to seek help and lack avenues through which to check the veracity of the information provided to them.

The problems are reported so consistently that we can only conclude that the Workfirst orientation of mainstream employment services permeates into the culture of the ParentsNext branches of their organisations.

It is particularly important that programs involving the case management of people with complex needs are provided by staff who have social work or psychology qualifications, or many years of demonstrated capability providing culturally safe services.

While some of these issues might be able to be addressed through workforce development and training, we believe they are endemic to the culture of the mainstream privatised employment services market. Future services providers should have demonstrated local footprints, expertise in place-based planning, and a service model that builds on people's strengths and aspirations rather than pressuring them to take up the first available job. The capability of future ParentsNext providers should be carefully vetted to ensure there are genuine partnerships, and structures to support regional planning. There is too little emphasis placed on providing genuine evidence of ongoing partnerships across all employment services.

**Recommendation 9: The replacement program for ParentsNext should only be delivered by organisations with credible place-based connections and capabilities and strengths-based service models**

## **Acknowledgements**

ACOSS prepared this submission in consultation with ACOSS members and related stakeholders. In particular ACOSS acknowledges feedback provided by National Council of Single Mothers and their Children, Council of Single Mothers and their Children, Economic Justice Australia, Brotherhood of St Laurence, Mission Australia and Settlement Services International.

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## Attachment 1 – ParentsNext program facts and figures

**Table 1: Project cost and participant numbers forward Estimates**

	2020–21 (\$m)	2021–22 (\$m)	2022–23 (\$m)	2023–24 (\$m)
Forward estimates	100.1	106.9	111.6	91.8
Participant numbers	81,263	87,766	84,442	66,358

Source: Department of Education, Skills and Employment Question No. SQ21-000015; SQ21-000857

**Table 2: Payment suspension data – Nov 2021-Jan 2022**

ParentsNext	FEMALE	3,079	4,332	2,925	3,536
	MALE	189	278	186	250
	INDIGENOUS	1,437	1,799	1,134	1,411
	SINGLE PARENTS	2,138	2,857	1,864	2,306
	DISABILITY	452	658	471	497
	HOMELESSNESS	334	453	321	357
	CALD	206	458	382	360
	EX-OFFENDERS	458	637	400	495
	<b>Total</b>	<b>3,268</b>	<b>4,610</b>	<b>3,111</b>	<b>3,786</b>

Source DESE Senate Estimates [Response to Letter from Senator Rice 17 Feb 2022](#)

**Table 3: ParentsNext participant characteristics**

<b>Caseload type and Month</b>	<b>31/01/2020</b>	<b>29/02/2020</b>	<b>31/03/2020</b>	<b>31/03/2021</b>	<b>% of caseload at 31 March 2021</b>
<b>Total Caseload</b>	<b>78,139</b>	<b>78,197</b>	<b>78,307</b>	<b>83,385</b>	
<b>Aged Under 21 Years</b>	3,815	3,775	3,717	3,656	4%
<b>Aged 21-24 Years</b>	10,659	10,644	10,664	11,020	13%
<b>Aged 25-34 Years</b>	36,064	36,175	36,280	38,745	46%
<b>Aged 35-49 Years</b>	26,155	26,163	26,186	28,430	34%
<b>Aged 50+ Years</b>	1,446	1,440	1,460	1,534	2%
<b>Female</b>	74,234	74,336	74,418	79,265	95%
<b>Indigenous</b>	15,631	15,651	15,727	16,739	20%
<b>PWD</b>	12,209	12,234	12,318	13,105	16%
<b>CALD</b>	14,974	15,104	15,133	16,730	20%
<b>Sole Parents</b>	57,914	57,979	58,045	61,026	73%
<b>None</b>	771	782	788	878	73%
<b>Years 1-9</b>	9,377	9,375	9,364	9,176	0%
<b>Years 10-11</b>	21,685	21,628	21,571	22,807	1%

<b>Caseload type and Month</b>	<b>31/01/2020</b>	<b>29/02/2020</b>	<b>31/03/2020</b>	<b>31/03/2021</b>	<b>% of caseload at 31 March 2021</b>
<b>Completed Secondary School</b>	9,180	9,097	9,133	10,070	11%
<b>Trade or TAFE</b>	32,455	32,644	32,796	35,414	27%
<b>University</b>	3,509	3,522	3,545	4,194	12%
<b>Not Stated</b>	1,162	1,149	1,110	846	42%